

Message Text

LIMITED OFFICIAL USE

PAGE 01 MUSCAT 01352 220932Z
ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 OMB-01

CIAE-00 INR-07 NSAE-00 L-03 STR-05 AID-05 /046 W
-----075619 220935Z /15

R 210810Z SEP 77
FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 3605

LIMITED OFFICIAL USE MUSCAT 1352

E.O. 11652: N/A
TAGS: OPIC MU US
SUBJECT: REVIEW OF OMAN'S OPIC ELIGIBILITY

1. WE ARE CONCERNED BY POSSIBILITY THAT OMAN MAY BE DROPPED FROM LIST OF COUNTRIES ELIGIBLE FOR OPIC INSURANCE. THE OMANI GOVERNMENT MIGHT WELL BE ANNOYED IF WE NULLIFIED OUR CURRENT OPIC AGREEMENT WITH OMAN AFTER SEVERAL YEARS OF USG INITIATIVE TO OBTAIN IT IN THE FIRST PLACE. WHAT IS WORSE, ELIMINATING OPIC COVERAGE WILL SURELY INHIBIT AMERICAN BUSINESS INVOLVEMENT HERE AT A TIME WHEN MAJOR PROJECTS ARE AGAIN MOVING FROM THE PLANNING STAGE AFTER PERIOD OF RELATIVE INACTION. WE URGE THAT ONGOING REVIEW OF OPIC OPERATIONS REAFFIRM THE NEED TO HAVE OPIC INSURANCE IN OMAN.

2. PERHAPS PROPOSAL TO ELIMINATE OMAN'S OPIC ELIGIBILITY IS BASED ON SEVERAL FAULTY ASSUMPTIONS. FIRST, OMAN IS ESSENTIALLY A VASTLY UNDER-DEVELOPED RATHER THAN AN OIL-RICH COUNTRY. IT IS DEPENDENT ON CONTINUED LARGE INFUSIONS OF EXTERNAL CAPITAL FROM SAUDI ARABIA AND OTHER ARAB NEIGHBORS. THE OMANI GOVERNMENT SEES SUBSTANTIAL FOREIGN PRIVATE INVESTMENT AS ESSENTIAL TO THE COUNTRY'S FUTURE DEVELOPMENT. SECONDLY, OMAN'S ECONOMY IS NOT BOOMING IN COMPARISON TO OTHER GULF STATES AND AMERICAN FIRMS ARE UNDERSTANDABLY WARY OF MAKING SUBSTANTIAL CAPITAL INVESTMENT. FIRMS ARE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MUSCAT 01352 220932Z

NOT ALTOGETHER CERTAIN THAT OMANGOV'S RECEPTIVITY TOWARD FOREIGN INVESTMENT WILL LAST FOREVER AND PROLONGED DELAY IN OMANGOV PAYMENTS TO FOREIGN CONTRACTORS HAS LED TO SIGNIFICANT CASH FLOW PROBLEMS FOR SOME FOREIGN FIRMS. UNLESS AMERICAN COMPANIES ARE BACKED BY USG INSURANCE, THEY WILL BE RELUCTANT TO COMMIT MUCH CAPITAL IN SMALL AND UNFAMILIAR COUNTRY THAT RECENTLY EMERGED FROM LONG GUERRILLA WJR.

3. THE ONLY AMERICAN FIRM NOW DOING A MAJOR CONSTRUCTION JOB IN OMAN, GROVE INTERNATIONAL, IS INSURED FOR \$10 MILLION. GROVE EXECUTIVES HAVE TOLD ON MANY OCCASIONS OF THEIR VITAL CONCERN TO OBTAIN OPIC COVERAGE AND WERE VISIBLY RELIEVED BY THE FORMAL SIGNING OF OPIC AGREEMENT IN SEPTEMBER 1976. GROVE'S PROJECT MANAGER FOR OMAN HAS STATED THAT THE COMPANY WOULD IN NO WAY DO BUSINESS IN OMAN WITHOUT ADEQUATE OPIC COVERAGE FOR ITS EQUIPMENT. WE DOUBT THAT ANY MAJOR AMERICAN CONSTRUCTION FIRM WOULD BE WILLING TO UNDERTAKE AN OMANI PROJECT WITHOUT OPIC COVERAGE AND IF OMAN IS DROPPED FROM THE LIST U.S. FIRMS WILL PROBABLY MISS THE OPPORTUNITIES FOR COPPER, CEMENT, AND OTHER INDUSTRIAL CONSTRUCTION. WITHOUT OPIC INSURANCE THE ONLY AMERICAN COMMERCIAL PRESENCE HERE WILL BE A FEW SERVICE FIRMS IN FIELDS SUCH AS BANKING ACCOUNTING AND AIR TRANSPORT.

4. WE BELIEVE IT IS SHORT-SIGHTED POLICY TO DIRECT OPIC COVERAGE ALMOST EXCLUSIVELY TO THE POORER LDCS. WITHOUT OPIC COVERAGE OMAN IS AN UNATTRACTIVE INVESTMENT; WITH SUCH COVERAGE OMAN PRESENTS A REASONABLE RISK FOR AN AMERICAN FIRM AND PROMISES A DECENT RETURN ON INVESTMENT. IN LIGHT OF DEPARTMENT STATEMENTS ON THE PARTICULARLY USEFUL ROLE OF OPIC IN FACILITATING PRIVATE AMERICAN INVESTMENT IN COOPERATING DEVELOPING COUNTRIES, WE URGE WASHINGTON REFRAIN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MUSCAT 01352 220932Z

FROM INCLUDING OMAN IN THE OVERALL PRUNING OF OPIC.
WOLLE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, INSURANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Sep-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MUSCAT01352
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770344-1051
Format: TEL
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770939/aaaabgrz.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: af34fd40-c288-dd11-92da-001cc4696bcc
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1190613
Secure: OPEN
Status: NATIVE
Subject: REVIEW OF OMAN'S OPIC ELIGIBILITY
TAGS: EFIN, EINV, MU, US, OPIC
To: STATE
Type: TE
vdkgwkey: odbc://SAS/SAS.dbo.SAS_Docs/af34fd40-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009